



Legislative Bulletin.....June 9, 2005

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H.J.Res. 27— Withdrawing the approval of the United States from the Agreement establishing the World Trade Organization

Summary of the Resolution Under Consideration Today:

Total Number of New Government Programs: 0

Total Cost of Discretionary Authorizations: \$0

Effect on Revenue: \$0

Total Change in Mandatory Spending: \$0

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: Unlikely, see below for more information.

Number of Bills Without Committee Reports: 0

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 1

H.J.Res. 27— Withdrawing the approval of the United States from the Agreement establishing the World Trade Organization (*Sanders*)

Order of Business: The resolution is scheduled to be considered on Thursday, June 9th, 2005, under H.Res. 304, a closed rule. The rule passed the House yesterday by voice vote.

Note: In 2000, the House considered a similar resolution (H.J.Res. 90) to withdraw Congressional approval for the WTO. The vote failed by a vote of 56 to 363

<http://clerk.house.gov/evs/2000/roll310.xml>

Summary: H.J.Res. 27 states:

“That the Congress withdraws its approval, provided under section 101(a) of the Uruguay Round Agreements Act, of the WTO Agreement as defined in section 2(9) of that Act.”

The resolution would withdraw congressional approval of the World Trade Organization (WTO) agreement that was granted in the 1994 implementing legislation (Public Law 103-465). The 1994 implementing legislation (H.R. 5110), that essentially would be repealed by H.J.Res. 27, was sponsored by Rep. Richard Gephardt (D-MO) and signed by President Bill Clinton on December 8, 1994. The legislation stated that Congress approves “the trade agreements ... resulting from the Uruguay Round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade, entered into on April 15, 1994, and submitted to the Congress on September 27, 1994.”

The 1994 implementing legislation requires the President to submit a special report on U.S. participation in the WTO every five years from the date the United States first joined the WTO. The first report was delivered in 2000, and the second report was delivered on March 1, 2005. Also contained in the legislation was a legislative procedure, establishing a privileged and unamendable motion for Congress to consider withdrawal of Congressional approval for the WTO. The Committee on Ways and Means must consider any resolution introduced within 45-days or face automatic discharge. A joint resolution of withdrawal must ultimately be passed by both Houses and signed by the President within 90 days to be effective. Even if enacted (i.e., signed by the President or Presidential veto overridden), the resolution does not actually require the President to begin withdrawal actions. If the resolution is passed and vetoed by the President, each House may vote to override the veto before the end of the 90-day period or within 15 session days from the date on which Congress receives the President’s veto message, whichever is later.

Additional Background: The WTO was established in the Uruguay Round, which was the eighth round or series of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). According to the Ways and Means Committee, the trade agreements reached at the end of 1994 during the Uruguay Round expanded coverage of GATT rules beyond manufactured goods trade to include agricultural trade, services trade, trade-related investment measures, intellectual property rights, and textiles. The multilateral trade round established the WTO to administer the GATT agreements and to settle disputes among WTO members. For more information see: <http://www.wto.org/>

According to the Congressional Research Service, the Uruguay Round Agreements Act (URAA), P.L. 103-465, “provides that domestic law prevails over conflicting provisions of WTO agreements and prohibits private remedies based on alleged violations of these agreements. As a result, WTO agreements and adopted WTO rulings in conflict with federal law do not have domestic legal effect unless and until Congress or the Executive Branch, as the case may be, takes action to modify or remove the statute, regulation, or regulatory practice at issue. Violative state laws may be withdrawn by the state or, in rare circumstances, invalidated through legal action by the federal government. In addition, the URAA places requirements on federal regulatory action taken to implement WTO decisions and contains provisions specific to the implementation of dispute settlement panel and appellate reports that fault U.S. actions in trade remedy proceedings.” (Congressional offices can access two May 2005 CRS reports on the WTO at <http://www.congress.gov/erp/rs/html/RS22154.html>; <http://www.congress.gov/erp/rl/pdf/RL32918.pdf>)

Committee Action: H.J.Res. 27 was introduced on March 2, 2005, and referred to the Committee on Ways and Means. On May 24, 2005, the Committee ordered H.J.Res. 27 adversely reported to the House of Representatives by a voice vote and recommended that the joint resolution do not pass.

Cost to Taxpayers: Though CBO estimates that withdrawal from the WTO, and resulting changes in U.S. tariff duty collections, could significantly impact the federal budget, it estimates that enacting H.J.Res. 27 would probably have no budgetary impact. CBO states that it is not clear that repealing the implementing legislation would require the U.S. to withdraw from the WTO, and even if a withdrawal took place, it is possible that U.S. tariffs may not change.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: H.J. Res. 27 contains no intergovernmental mandates and would not affect the budgets of state, local, or tribal governments. If the resolution resulted in the U.S. withdrawing from the WTO, the U.S. government would have broader latitude to impose trade restrictions on imports, such as increased tariff duties or quota limits. Such restrictions would impose private-sector mandates on importers of affected items. However, because CBO estimates that H.J. Res. 27 would probably not affect the application of the WTO agreement to the U.S., CBO concludes that it would likely not impose new private-sector mandates.

Constitutional Authority: The Ways and Means Committee, in House Report 109-100, finds authority under Article I, Section 1 of the Constitution (All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.” The section of the Constitution cited by the committee is not an authority of Congress (as House rules require) but is the section that established Congress. House Rule XIII, Section d(1), requires that all committee reports contain “a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution.” *[emphasis added]*

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